

Report of Examination of the

Landcar Life Insurance Company

Sandy, Utah
as of December 31, 2014

NAIC Group Code #503
NAIC Company Code #92274

Presented to:



State of Utah
Department of Insurance
Salt Lake City, Utah



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February 05, 2016

Honorable Todd E. Kiser, Commissioner
Utah Insurance Department
3110 State Office Building
Salt Lake City, Utah 84114

RE: Landcar Life Insurance Company

Dear Honorable Commissioner:

Pursuant to instructions and in compliance with the provisions of Utah Code Annotated (U.C.A.) §31A-2-204(6)(a), and the rules, regulations and provisions promulgated by the National Association of Insurance Commissioners, an examination of the financial condition and business affairs has been conducted of:

Landcar Life Insurance Company
Sandy, Utah

hereinafter referred to as the "Company."

The following report of examination is respectfully submitted.

SCOPE OF THE EXAMINATION

We have performed our full-scope multi-state examination of the Company. The last financial examination of the Company, by representatives of the Utah Insurance Department ("UID"), was for the period January 1, 2009 through December 31, 2011. This examination covers the period January 1, 2012 through December 31, 2014, and any material transactions and/or events occurring subsequent and noted during the examination. The purpose of this examination is to assess the financial condition and controls of the Company and set forth findings of fact (together with citations of pertinent laws, regulations, and rules) with regard to any material adverse findings disclosed by the examination.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook* ("Handbook"). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in Utah Code Annotated (U.C.A.) §31A-2-204(6)(a), and general information about the insurer and its financial condition.

SUMMARY OF SIGNIFICANT FINDINGS

PRIOR EXAMINATION

There were no significant findings noted in the prior examination.

CURRENT EXAMINATION

There were no significant findings to report in the current examination.

COMPANY HISTORY

The Company was incorporated on September 10, 1980, under the laws of the State of Arizona, and was licensed as a credit life reinsurer in that State. During 1985, the Company re-domesticated to the State of Utah and is a direct life and health insurer in Arizona, Colorado, Idaho, New Mexico, Oregon, Texas, Utah, and Washington. Through fiscal year 2012, the Company wrote credit life and credit disability. Effective May 1, 2013, the only agent/broker appointed by the Company opted to remove credit life and credit disability from their active product portfolio. As such, the Company's written premium is nil. The Company will continue operating and servicing the needs of all the active policyholders until expiration. The portfolio is expected to run off by the year 2020. The Company is privately held and owned by Karen G. Miller and her immediate family.

DIVIDENDS TO STOCKHOLDER

In December 2012, the Company requested and received approval from the Utah Insurance Department for an extraordinary dividend in the amount of \$19,000,000.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

The Company's bylaws state, "the number of directors shall be not less than three (3) nor more than nine (9) as determined, from time to time, by the Board of Directors." Currently, the Company has five (5) board members.

At December 31, 2014, and during the examination period, the following individuals served as Directors and Officers of the Company:

Name	Location	Principal Occupation
Karen G. Miller	Salt Lake City, Utah	Stockholder Larry H. Miller Group of Companies
Gregory S. Miller	Sandy, Utah	Stockholder Larry H. Miller Group of Companies
Roger L. Miller (deceased)	Draper, Utah	Stockholder Larry H. Miller Group of Companies
Stephen Miller	Sandy, Utah	Stockholder Larry H. Miller Group of Companies
Karen R. Williams	Grantsville, Utah	Stockholder Larry H. Miller Group of Companies
Brian J. Miller	South Jordan, Utah	Stockholder Larry H. Miller Group of Companies

The Company's bylaws provide for officers to consist of a president, one or more vice presidents, a secretary, and a treasurer.

The officers of the Company as of December 31, 2014, were as follows:

Name	Title
Karen G. Miller	President
Gregory S. Miller	Secretary/Treasurer
Roger L. Miller (deceased)	Vice President
Stephen Miller	Vice President
Karen R. Williams	Vice President
Brian J. Miller	Vice President

As of May 1, 2015, the officers of the Company are:

Name	Title
Bryant C. Henrie	President
Robert E. H. Enger	Vice President
Robert D. Tingey	Secretary/Treasurer

Committees and the respective committee members of the Company as of December 31, 2014 were as follows:

Committee	Name	Title
Audit	Karen G. Miller	Board Member/Owner
	Greg Miller	Board Member/Owner
	Clark Whitworth	President LHM Management Corp.
	Steve Starks	Executive Vice President (until 2014)
	Bryant Henrie	President LHM Management (2015)
	Robert Enger	General Manager/Vice President
Investment	Karen G. Miller	Board Member/Owner
	Greg Miller	Board Member/Owner
	Clark Whitworth	President LHM Management Corp.
	Steve Starks	Executive Vice President (until 2014)
	Bryant Henrie	President LHM Management (2015)
	Robert Enger	General Manager/Vice President

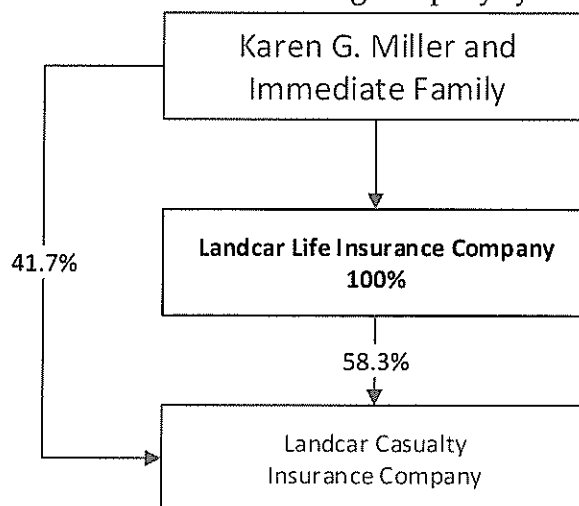
CORPORATE ORGANIZATION

The company is owned by, Karen G Miller, and immediate family members. The company is part of a holding company system (known as the Larry H. Miller Group of Companies). The holding company system consists of 85 member companies that are divided into five (5) divisions; Automotive, Sports and Entertainment, Insurance, Finance and Real Estate.

Landcar Life Insurance Co owns 58.33% or 280,000 shares of Landcar Casualty Company.

ORGANIZATIONAL CHART

The organizational chart below illustrates the holding company system at December 31, 2014.



RELATED PARTY AGREEMENTS

Cost Sharing Agreement

The company shares office facilities and personnel with Landcar Casualty Company, Landcar Agency, Inc., and Performance Automotive Corporation (Century Products), in accordance with a written cost sharing agreement. The companies share common management and ownership and routinely share personnel, facilities, equipment, and services. The agreement provides for the allocation of shared costs, facilities and resources.

TERRITORY AND PLAN OF OPERATION

The company up until May 2013 wrote, on a limited underwriting basis, single premium decreasing term credit life and single premium credit disability insurance. The policies were marketed through a network of vehicle dealerships, most of which had common ownership with the company. The company is licensed in eight (8) states Arizona, Colorado, Idaho, New Mexico, Oregon, Texas, Utah, and Washington. The company is not actively selling the products.

REINSURANCE

The company did not have a reinsurance program in place as of the examination date, December 31, 2014.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Utah Insurance Department and present the financial condition of the Company for the period ending December 31, 2014. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements.

Please note that failure of any of the following items to add to the totals shown is due to dropping amounts less than one dollar.

Landcar Life Insurance Company
Balance Sheet (Assets)
December 31, 2014

	Net Admitted Assets
Bonds	5,009,847
Preferred Stocks	2,058,717
Common Stocks	14,302,339
First Liens-mortgage loans on real estate	272,000
Cash and short term investments	1,806,387
Subtotals, cash and invested assets	23,449,289
Investment income due and accrued	48,520
Uncollected premiums and agents' balances	(9,153)
Net deferred tax asset	136,573
Total assets	23,625,229

Landcar Life Insurance Company
Liabilities, Surplus, and Other Funds
December 31, 2014

	2014
Liabilities, Surplus, and Other Funds	
Aggregate reserve for life contracts	2,916,018
Aggregate reserve for accident and health contracts	1,623,394
Contract claims: Life	85,287
Contract claims: Accident and Health	30,393
Interest maintenance reserve	120,406
General expenses due or accrued	46,962
Taxes, licenses and fees due or accrued	(54,309)
Current federal and foreign income taxes	74,313
Net deferred tax liability	1,054,083
Amounts withheld or retained by company as agent or trustee	131,953
Asset valuation reserve	2,307,795
Payable for securities	1,000,000
Aggregate write-ins for liabilities	177,568
Total liabilities	9,513,863
Surplus	
Common capital stock	2,400,000
Unassigned funds	11,711,366
Totals of common and preferred stock and surplus	14,111,366
Total Liabilities, Surplus, and Other Funds	23,625,229

Landcar Life Insurance Company
Statement of Income
December 31, 2014

	2014
Income	
Premiums Consideration for Life and A&H contracts	(376,708)
Net Investment Income	659,026
Amortization of Interest Maintenance Reserve	23,347
Aggregate write-ins for misc. income	217
Totals:	305,882
Deductions	
Death benefits	94,591
Disability benefits and benefits under accident and health	155,375
Increase in Aggregate reserves for life and accident and health contracts	(3,492,447)
Subtotal:	(3,242,481)
Commissions on premiums	(157,849)
General Insurance Expense	388,309
Insurance taxes, licenses and fees, excluding federal income tax	25,289
Totals:	(2,986,732)
Other	
Net gain from operations before dividends to policyholders, after capital gains tax and before federal income tax	3,292,614
Dividends to policyholders	0
Net gain from operations after dividends to policyholders and before federal income taxes	3,292,614
Federal income taxes incurred	(511,951)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	2,780,663
Net realized capital gains	157,284
Net income	2,937,947

Landcar Life Insurance Company
Reconciliation of Capital and Surplus Account
December 31, 2014

Capital and Surplus Account	2014	2013	2012
Surplus as regards policyholders, December 31 prior year	\$10,669,458	\$6,970,831	\$23,184,471
Net Income	2,937,947	2,298,070	657,775
Change in net unrealized capital gains or (losses)	1,013,838	2,171,695	982,474
Change in net unrealized foreign exchange capital gain (loss)	(3,185)	0	0
Change in net deferred income tax	(62,446)	(9,396)	136,930
Change in nonadmitted assets	(155,220)	(634,928)	5,030
Change in asset valuation reserve	(271,707)	(148,882)	966,278
Dividends to stockholders	0	0	(19,000,000)
Aggregate write-ins for gains and losses in surplus	(17,319)	22,068	37,870
Net change for capital and surplus for the current year	3,441,908	3,968,627	(16,213,640)
Surplus as regards policyholders December 31 current year	\$14,111,366	\$10,669,458	\$6,970,831

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

There were no significant findings or recommendations.

SUBSEQUENT EVENTS

There were no subsequent events that would require disclosure.

CONCLUSION

The examination procedures, described, herein, revealed no material findings or recommendations.

The courteous cooperation and assistance extended by the officers and employees of the Company during the examination is hereby acknowledged.

Mike Presley, FSA, MAAA, of the actuarial firm of AGI Services performed the actuarial phases of the examination. In addition, Joseph Boyle, participated in the examination. Donald Catmull, CFE, Assistant Chief Examiner, of the Utah Insurance Department supervised the examination. They join the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by officers, employees, and representatives of the Company.

Respectfully submitted,

A handwritten signature in blue ink that reads "JVG George". The signature is written in a cursive, flowing style.

Jaimee George, CFE
Examiner In Charge
State of Utah
Insurance Department